

*MAR 1968*

SUBJECT: Export-Import Act Extension - S. 1155

1. S. 1155 was presented to the President in enrolled bill form by the Secretary of the Senate on 4 March 1968.

2. S. 1155 as approved by Conference Committee and as it appeared in the Congressional Record of 21 February 1968 is attached.

3. Section 1(c) deals with certain restrictions imposed upon the Bank in the context of the so-called "East-West Trade" issue:

(a) it prohibits Bank support in connection with the purchase or lease of any product by a communist country as defined in the Foreign Assistance Act (which excludes Yugoslavia) or agency or national thereof;

(b) this restriction also applies to other countries if the product to be purchased or leased is principally for use in a communist country (Fiat project);

(c) the prohibitions in (a) and (b) may be waived by Presidential policy decision reported to Congress.

(d) (a), (b), and (c) above are further modified, however, by prohibitions on Bank support in the case of purchases by:

(1) nations engaged in armed conflict with the U.S., or,

(2) nations furnishing by direct governmental action goods, supplies, military assistance, or advisor to a nation engaged in armed conflict with the U.S.

(3) This restriction also applies to other countries if the product is to be used principally by a nation described in (1) and (2) above.

4. The prohibitions referred to in 3(c) above are not subject to Presidential waiver. This means that as long as hostilities continue in Vietnam the Bank is prohibited from supporting exports to or for use of a country assisting or supplying North Vietnam. If supply or assistance cease or if hostilities cease then the Presidential waiver with respect to a communist country could be brought into play.